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December 29, 2011

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Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

Re: STB Finance Docket No. 35573, Watco Holdings, Inc. and
Watco Transportation Services, L.L.C. – Acquisition of Control
Exemption – Wisconsin & Southern Railroad, L.L.C.

Dear Ms. Brown:

Watco Holdings, Inc. and Watco Transportation Services, L.L.C.
(collectively "Watco") hereby respond to the letter dated December
29, 2011, from five Wisconsin State Representatives seeking a 60-
day delay of the December 29th effective date of the Notice of
Exemption in the above-referenced proceeding.

Watco has a signed agreement for Watco's purchase of a controlling
interest in Wisconsin & Southern Railroad, L.L.C. ("WSOR"). During
the past month, Watco has worked with its banks, accounting firms,
vendors and suppliers preparing for a January 1, 2012 startup.
Officials and representatives of Watco and WSOR have previously
met with officials at Representative Hurley's office, the Wisconsin
Department of Transportation and others, and have made
themselves available to answer any questions stakeholders may
have regarding the proposed transaction.

The first indication received by Watco or WSOR that there were
concerns or questions by the Representatives was the filing of the
request for stay. Watco and WSOR immediately reached out to the
legislators to answer questions and we are currently attempting to
schedule a meeting with the five State Representatives in Madison



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as soon as possible next week. Watco is convinced that the Representatives will be satisfied, if not excited, about the plans Watco has for the WSOR. Watco and WSOR have previously scheduled additional meetings with other stakeholders that had expressed interest in the transaction, and we have no problem with adding other briefings to that list. We seek complete transparency to the questions the petitioners pose.

Watco's immediate focus for the WSOR is to continue to make investments in WSOR's infrastructure so as to improve service, and to grow the business from existing customers and strategic partners. Multiple meetings and plans have already been made and set for the month of January and a 60-day delay will unnecessarily delay those efforts.

Watco is concerned that any delay in the startup will divert resources that are better spent upgrading the WSOR, and more importantly, divert focus from the customers who are prepared to make investments in their facilities on the WSOR that will add to the Wisconsin and US economy.

We are willing to meet with the five Legislators and any other stakeholders that have questions about the future of the WSOR and ask that the motion by the petitioners be denied.

Sincerely,

A handwritten signature in black ink that reads "Karl Morell". The signature is fluid and cursive, with the first name "Karl" and last name "Morell" clearly distinguishable.

Karl Morell
Of Counsel

cc: Rep. Brett Hulsey
Rep. Louis Molepske
Rep. Kelda Helen Roys
Rep. Fred Clark
Rep. Terese Berceau